Historic, Archive Document

Do not assume content reflects current
scientific knowledge, policies, or practices.

LIBRARY
RECEIVED
MAY 12 1958
U.S. DEPT. OF AGRICULTURE

MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA
December 1956

Volume 1 Number 5

Reserve
A280.3449
C-39

Released Pursuant to § 1000.27 (j) and § 1000.69, USDA-AMS
Federal Order No. 100, 3756 Ringgold Rd., Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

MARKET SUMMARY DECEMBER 1956

The Chattanooga Tennessee Order MINIMUM uniform price payable to producers for milk delivered during December to plants located less than 65 miles from City Hall, Chattanooga, Tennessee and distributing milk in Hamilton, Bradley and McMinn Counties Tennessee is $4.93 per cwt. f.o.b. plants for milk testing 4.0% butterfat. The butterfat differential is 7.2¢ for each one tenth of one percent above or below 4 percent. (See page 3) It is reported by Chattanooga Area Milk Producers Association that their negotiated premium price will be $5.08 for December producer milk testing 4.0% butterfat.

During December, 77.0 percent of total producer milk was priced in Class I at $5.40 per cwt. with a handler butterfat differential of 8.0¢ and 23.0 percent was priced in Class II at $3.55 per cwt. with a butterfat differential of 6.9¢. (See page 3) The percent of producer skim and butterfat priced in Class I was 77.7% and 62.6% respectively. The daily average of producer milk during December decreased 2.6 percent compared with November. The daily average use of Class I decreased 8.9 percent compared with November 1956.

The Order MINIMUM Class I price for January 1957 is $5.37, a decrease of 3 cents under the December Class I price. This decrease results from a lower butter market which, in turn, lowered the butter-powder basic formula price. The average Mid-West Condenseries price, being the highest of the four alternate price formulas, was used to compute the Class I price for January. It is reported by Chattanooga Area Milk Producers Association that a minimum Class I price of $5.60 for January 1957 was negotiated with certain handlers.

JANUARY 1957 CLASS I PRICE ANNOUNCEMENT

The handler Minimum Class I price under the Chattanooga Order is computed each month from a formula. For the current month a so-called basic formula price is determined from milk and dairy product price quotations for the prior month (See page 4) to which is added a Class I price differential of $1.75 per cwt. for producing Grade A milk. The basic formula price is the highest of four alternative prices: (1) The average price paid farmers for manufacturing milk by thirteen representative Mid-West Condenseries, (2) A price computed for milk used to produce butter and cheese based upon the average price of 92 Score Wholesale Chicago butter and the average price for cheese on the Wisconsin Cheese Exchange, (3) A price computed for milk used to produce butter and powdered milk based upon the average price of 92 Score Wholesale Chicago butter and the average wholesale price of spray and roller process powdered milk in the Chicago area and (4) The average price paid by four representative Tennessee cheese and condensing milk plants.

The January Class I price computation is summarized as follows: (See page 4)

Basic formula price (December Mid-West Condenseries)	$3.62
Class I Differential	1.75
Class I Price, 4.0% butterfat f.o.b. pool plants	$5.37

CHECK TESTING ACTIVITIES

DECEMBER 1956: Plant calls 135; Composite samples tested 2983; Fresh samples tested 3622; and Handler's finished products tested 54.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	Dec.'56	Nov.'56	Oct.'56	Sept.'56
Number of Plants Reporting - Pool	16	17	17	16
Non-Pool	4	4	4	5
GROSS RECEIPTS (DAILY)				
Producer Milk Pounds	369640	379384	363204	349163
% December '56 compared with:	100.0	97.4	101.8	105.9
Other Source Milk Pounds	23597	22598	28204	23393
TOTAL MILK POUNDS	393237	401982	391408	372556
% December '56 compared with:	100.0	97.8	100.5	105.6
GROSS UTILIZATION (DAILY)				
Class I Milk Pounds				
Fluid Milk	254917	277541	282327	265487
Buttermilk	34682	37725	37138	34919
Chocolate Milk	5990	6713	7295	7353
Fluid Skim	4313	4883	4847	4015
Fluid Creams	1994	1965	1763	1675
Bulk Milk and Cream to Non-Handlers	599	3413	6352	11662
Class I Shrinkage	1464	1796	2029	2311
Inventory Reclass.	(716)	(885)	(531)	(339)
Overstated Sales	-0-	(256)	(81)	-0-
TOTAL CLASS I MILK	303243	332895	341139	327083
% December '56 compared with:	100.0	91.1	88.9	92.7
Class II Milk Pounds (Used to Produce)				
Butter	5128	5639	4623	2069
Cheddar and Cottage Cheese	5766	10087	9743	7172
Powder and Condensed Milk	55071	35353	18336	13567
Ice Cream	14180	12203	11393	8745
Inventory Variation	(736)	(1465)	(189)	6330
Other 1/	10585	7270	6363	7590
TOTAL CLASS II MILK	89994	69087	50269	45473
% December '56 compared with:	100.0	130.3	179.0	197.9
% Producer Milk of Gross Class I	121.9	114.0	106.5	106.8
% Producer Skim of Gross Class I Skim	120.8	112.9	105.5	105.9
% Producer Bf. of Gross Cl. I Bf.	150.0	141.5	131.4	128.2
% Producer Milk Priced in Class I	77.0	82.9	88.2	87.8

DECEMBER 1956 CLASS II PRICE ANNOUNCEMENT

The handler Minimum Class II price for each month is announced on the fifth day of the following month. The Class II price for the months of September through January is the higher of two alternatives: (1) the butter-powder formula price or (2) the average price paid by four representative Tennessee cheese and condensing milk plants. The Class II price for the months of February through August is the average price paid by the four Tennessee cheese and condensing plants.

For December 1956 the Class II price was the butter-powder formula price of $3.55. The January Class II price will be announced February 5th.

BASE NOTICE

Each producer for the Chattanooga marketing area will have a new milk base to be used in making payment to such producer during the months of March through July 1957. The 1957 daily average base will be computed by dividing each producer's total milk deliveries to pool plants during September 1956 through January 1957 by the number of days from the first day of delivery to the last day of January, inclusive, but not less than 120 days. From September 1956 through February 1957, producers will be paid a uniform blend price for their total milk deliveries.

1/ Includes stockfeed, sour cream, overage, shrinkage and eggnog.

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR DECEMBER 1956
Based on 20 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test	Price @ Test	Value
Gross Class I		9400535	3.665		
Less Other Source		575679	3.610		
Producer Milk Class I	77.0	8824856	3.668955	$5.135164	$453170.83
Gross Class II		2789806	6.923		
Less Other Source		155818	0.000		
Producer Milk Class II	23.0	2633988	7.333557	5.850154	154092.35
TOTAL PROD. (Cl.I + Cl.II)	100.0	11458844	4.511319		607263.18
Add Fractional Adjustment					.02
Add Unpriced Milk Allocated To Cl. I		241518		0.47	1135.13
Add Overage Value					79.56
Add Inventory Reclass. Value					-0-
Add ½ Producer-Settlement Fund Reserve					4350.56
TOTAL VALUE AT TEST		11458844	4.511319		612828.45
Less Test Over 4% @ 7.2¢ per point		11458844	.511319		42185.73
TOTAL VALUE AT 4%		11458844	4.000000	4.979933	570642.72
Less Producer-Settlement Fund Reserve		11458844		.049933	5721.74
UNIFORM PRICE f.o.b. POOL PLANT (0-65 Miles)		11458844	4.0	4.93	564920.98

DECEMBER 1956 MINIMUM PRODUCER PRICES f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)
BUTTERFAT DIFFERENTIAL 7.2¢ PER POINT (Excludes Premiums)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	$4.210	3.6	$4.642	4.2	$5.074	4.8	$5.506	5.4	$5.938
3.05	4.246	3.65	4.678	4.25	5.110	4.85	5.542	5.45	5.974
3.1	4.282	3.7	4.714	4.3	5.146	4.9	5.578	5.5	6.010
3.15	4.318	3.75	4.750	4.35	5.182	4.95	5.614	5.55	6.046
3.2	4.354	3.8	4.786	4.4	5.218	5.0	5.650	5.6	6.082
3.25	4.390	3.85	4.822	4.45	5.254	5.05	5.686	5.65	6.118
3.3	4.426	3.9	4.858	4.5	5.290	5.1	5.722	5.7	6.154
3.35	4.462	3.95	4.894	4.55	5.326	5.15	5.758	5.75	6.190
3.4	4.498	4.0	4.93	4.6	5.362	5.2	5.794	5.8	6.226
3.45	4.534	4.05	4.966	4.65	5.398	5.25	5.830	5.85	6.262
3.5	4.570	4.1	5.002	4.7	5.434	5.3	5.866	5.9	6.298
3.55	4.606	4.15	5.038	4.75	5.470	5.35	5.902	5.95	6.334

MILK PLANT OPERATORS

The operators of the following plants filed reports for December 1956 with the Market Administrator of the Federal Milk Order for the Chattanooga Area:

Pool Plants
Associated Dairies, Inc.
Chattanooga Area Milk Prod. Assoc.
Cleveland Creamery
College Creamery
J. K. Cunningham & Son
Grant-Patten Milk Co.
Happy Valley Farms
C. D. Haslerig & Sons
Home Stores, Inc.
Mayfield Creamery
Meadow Brook Farms, Inc.

Pool Plants
Ray Moss Farms
Sanders Dairy
Sterchi & Sons Dairy
Varnell Dairy
Vest Dairy Products

Non-Pool Plants
Farm Fields Dairy
J. M. Nance & Son
Russell Dairies
Southern Dairies, Inc.

SUMMARY OF CHATTANOOGA MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES Per hundredweight Uniform	Base	Excess	Bf.Dif.	HANDLER CLASS PRICES Class I Cwt.	Class I Bf.Dif.	Class II Cwt.	Class II Bf.Dif.
Sept.'56	$5.00 1/	-	-	7.2¢	$5.28	7.7¢	$3.57	6.9¢
Oct.	5.08 1/	-	-	7.3¢	5.32	7.8¢	3.60	7.0¢
Nov.	5.02 1/	-	-	7.4¢	5.35 1/	7.9¢	3.65	7.1¢
Dec.	4.93 1/	-	-	7.2¢	5.40 1/	8.0¢	3.55	6.9¢
Jan.'57	-	-	-	-	5.37 1/	7.8¢	-	-

SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS Chi.92° Butter ¢ lb.	Chi.Area Powders ¢ lb.	Wisc. Cheese ¢ lb.	ALTERNATIVE FORMULAS Cond. Mid-West $-cwt-4%	Butter-Cheese $-cwt-4%	Butter-Powder $-cwt-4%	4 Tenn. Milk mfgs $-cwt-4%	Highest or Basic Formula $-cwt-4%
Dec. '55	57.702	14.485	31.750	3.50	3.14	3.44		3.50
Jan. '56	57.375	14.430	31.750	3.47	3.12	3.43		3.47
Feb.	57.375	14.135	31.750	3.43	3.12	3.43		3.43
Mar.	57.375	14.205	31.700	3.39	3.12	3.43		3.43
Apr.	58.280	14.460	32.833	3.38	3.18	3.47		3.47
May	59.170	14.470	33.164	3.40	3.23	3.52		3.52
June	59.125	14.305	33.170	3.40	3.23	3.51		3.51
July	59.208	14.155	33.188	3.41	3.23	3.52		3.52
Aug.	59.462	14.310	33.175	3.44	3.24	3.53	3.08	3.53
Sept.	60.283	14.280	33.172	3.54	3.28	3.57	3.12	3.57
Oct.	60.842	14.225	33.094	3.58	3.30	3.60	3.16	3.60
Nov.	61.881	14.305	33.000	3.63	3.35	3.65	3.21	3.65
Dec.	59.934	14.270	33.062	3.62	3.26	3.55	3.21	3.62

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

Month	GROSS POUNDS MILK 2/ Class I	Producer Base	Excess	Total	Number of Plants	Prods.	Deliveries Per Farm -- Pounds Prod.	Base	Excess	Prod. Milk Test
Sept.'56	327083	349163 -	-	372556	21	803	435	-	-	4.43
Oct.	341139	363204 -	-	391408	21	852	426	-	-	4.51
Nov.	332895	379384 -	-	401982	21	849	447	-	-	4.58
Dec.	303243	369640 -	-	393237	20	798	463	-	-	4.51

DECEMBER MARKET SUMMARIES - 16 POOL PLANTS AND 4 NON-POOL PLANTS

Classification by Source

	Total Pounds	Total %	Class I Pounds	Class I %	Class II Pounds	Class II %
Producer Milk	11458844	94.0	8824856	93.9	2633988	94.4
Other Source Milk	731497	6.0	575679	6.1	155818	5.6
Total	12190341	100.0	9400535	100.0	2789806	100.0

Classification by Use

	Total Pounds	Total %	Producer Milk Pounds	Producer Milk %	Other Source Pounds	Other Source %
Class I	9400535	77.1	8824856	77.0	575679	78.7
Class II	2789806	22.9	2633988	23.0	155818	21.3
Total	12190341	100.0	11458844	100.0	731497	100.0

1/ Excludes Premium

2/ Other Source equals difference between Producer and Total; Class II equals difference between Class I and Total.